

AMENDED IN ASSEMBLY JANUARY 4, 2010

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

No. 1342

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**Introduced by Assembly Member Evans**

February 27, 2009

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An act to *amend Section 17041.5 of, to add Section 17041.6 to, and to add Chapter 3.8 (commencing with Section 7295) to Part 1.7 of Division 2 of, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 1342, as amended, Evans. Local taxation: *personal* income taxes: vehicle license fees.

Existing law authorizes various local governmental entities to impose local taxes for various purposes.

This bill would authorize the board of supervisors of any county *or city and county*, by ordinance, to propose to the voters either a local personal income tax or a local vehicle license fee, or both, in accordance with specified requirements.

*This bill would require the Department of Motor Vehicles to administer the local vehicle license fee, and would require, prior to the operative date of any ordinance imposing a local vehicle license fee, the county or city and county to contract with the Department of Motor Vehicles to perform this function. This bill would require the county or city and county to reimburse the Department of Motor Vehicles pursuant to the contract. This bill would require the revenues derived from the local vehicle license fee to be deposited in the State Treasury to the*

*credit of the Local Vehicle License Fee Account, which this bill would create. This bill would continuously appropriate those moneys to the Controller for allocation to each county and city and county in which the local vehicle license fee is imposed.*

*This bill would require the Franchise Tax Board to administer the local personal income tax, and would require, prior to the operative date of any ordinance imposing a local personal income tax, the county or city and county to contract with the Franchise Tax Board to perform this function. This bill would require the county or city and county to reimburse the Franchise Tax Board pursuant to the contract. This bill would authorize the Franchise Tax Board to adopt regulations necessary to administer the local personal income tax. This bill would require the revenues derived from the local personal income tax to be deposited in the State Treasury to the credit of the Local Personal Income Tax Account, which this bill would create. This bill would continuously appropriate those moneys to the Controller for allocation to each county and city and county in which the local personal income tax is imposed.*

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     ~~SECTION 1. The Legislature finds and declares the following:~~
- 2     ~~(a) Proposition 13 has reduced local property taxes by~~
- 3     ~~approximately 50 percent.~~
- 4     ~~(b) In response to the enactment of Proposition 13, the state has~~
- 5     ~~provided local governmental agencies with increased amounts of~~
- 6     ~~state funds in order to maintain police, school, and other local~~
- 7     ~~services.~~
- 8     ~~(c) Proposition 13 has resulted in increased state control and~~
- 9     ~~decreased local control with respect to the provision local~~
- 10    ~~governmental services.~~
- 11    ~~(d) The state is experiencing great difficulty in providing state~~
- 12    ~~funds to maintain local governmental services at historical levels.~~
- 13    ~~(e) It is appropriate and necessary to shift some authority,~~
- 14    ~~control, and responsibility back to local governmental agencies in~~
- 15    ~~order to allow those agencies to determine the level of services~~
- 16    ~~appropriate for their citizens.~~

1 ~~SEC. 2.~~

2 *SECTION 1.* Chapter 3.8 (commencing with Section 7295) is  
3 added to Part 1.7 of Division 2 of the Revenue and Taxation Code,  
4 to read:

5  
6 CHAPTER 3.8. COUNTY INCOME TAXES AND VEHICLE LICENSE  
7 FEES  
8

9 ~~7295. Notwithstanding Section 17041.5, in~~ *In* addition to any  
10 other tax authority provided by law, the board of supervisors of  
11 any county or city and county may, by ordinance, place on the  
12 ballot either or both of the following for consideration by the voters  
13 in accordance with all constitutional and statutory requirements:

14 (a) A local personal income tax subject to the following  
15 conditions:

16 (1) The local personal income tax shall be calculated as a  
17 percentage of ~~state personal income taxes paid~~ *taxable income*  
18 *shown on the state personal income tax return filed for a taxable*  
19 *year* by a resident of the county in which the local personal income  
20 tax is imposed ~~during the corresponding year, excluding any~~  
21 ~~refundable portions of refundable credits.~~

22 (2) The local personal income tax shall be assessed and collected  
23 by the Franchise Tax Board *in accordance with Section 17041.6.*

24 ~~(3) The Franchise Tax Board shall transmit all revenues, less~~  
25 ~~its cost of administration, to the county or city and county in which~~  
26 ~~the local personal income tax is imposed.~~

27 ~~(b) A local license fee on any vehicle, registered within the~~  
28 ~~county or city and county in which the local license fee is imposed,~~  
29 ~~that is subject to registration under the Vehicle Code and on which~~  
30 ~~a vehicle license fee is imposed pursuant to Part 5 (commencing~~  
31 ~~with Section 10701), subject to the following conditions:~~

32 ~~(1) The aggregate license fee rate imposed pursuant to this~~  
33 ~~section and Part 5 (commencing with Section 10701) on any~~  
34 ~~vehicle shall not exceed 2 percent of the market value of that~~  
35 ~~vehicle.~~

36 ~~(2) The local license fee shall be assessed and collected in the~~  
37 ~~same manner as the fee imposed by Part 5 (commencing with~~  
38 ~~Section 10701).~~

39 ~~(3) The local license fee shall be administered by the Department~~  
40 ~~of Motor Vehicles.~~

~~(4) The Department of Motor Vehicles shall transmit all revenues, less its costs of administration and any refunds, to the county in which the fee is imposed.~~

*(b) (1) A local vehicle license fee on any vehicle, registered within the county or city and county in which the local vehicle license fee is imposed, that is subject to registration under the Vehicle Code and on which a vehicle license fee is imposed pursuant to Part 5 (commencing with Section 10701), shall be subject to the following conditions:*

*(A) (i) If the election in which the local vehicle license fee receives voter approval occurs between January 1 and June 30, the local vehicle license fee shall be imposed on and after the first January 1 that follows that election.*

*(ii) If the election in which the local vehicle license fee receives voter approval occurs between July 1 and December 31, the local vehicle license fee shall be imposed on and after the first July 1 that follows that election.*

*(B) (i) The Department of Motor Vehicles shall administer the local vehicle license fee.*

*(ii) Prior to the operative date of any ordinance imposing a local vehicle license fee, the county or city and county shall contract with the Department of Motor Vehicles to perform all functions incident to the administration of the local vehicle license fee.*

*(iii) The contract shall contain a provision that the county or city and county shall reimburse the Department of Motor Vehicles for all refunds, losses, and costs incurred in the administration and operation of the local vehicle license fee.*

*(C) The local vehicle license fee shall be assessed and collected in the same manner as the fee imposed by Part 5 (commencing with Section 10701).*

*(2) (A) Amounts collected pursuant to this subdivision shall be transmitted to the Treasurer and deposited in the State Treasury to the credit of the Local Vehicle License Fee Account in the General Fund, which is hereby created.*

*(B) Notwithstanding Section 13340 of the Government Code, the moneys in the Local Vehicle License Fee Account are hereby continuously appropriated, without regard to fiscal year, to the Controller for allocation to each county and city and county in which the local vehicle license fee is imposed.*

1     *SEC. 2. Section 17041.5 of the Revenue and Taxation Code is*  
2     *amended to read:*

3     17041.5. Notwithstanding any statute, ordinance, regulation,  
4     rule or decision to the contrary, no city, ~~county, city and county,~~  
5     governmental subdivision, district, public and quasi-public  
6     corporation, municipal corporation, whether incorporated or not  
7     or whether chartered or not, shall levy or collect or cause to be  
8     levied or collected any tax upon the income, or any part thereof,  
9     of any person, resident or nonresident.

10    This section shall not be construed so as to prohibit the levy or  
11    collection of any otherwise authorized license tax upon a business  
12    measured by or according to gross receipts.

13    *SEC. 3. Section 17041.6 is added to the Revenue and Taxation*  
14    *Code, to read:*

15    17041.6. (a) A local ordinance, authorized pursuant to Section  
16    7295, imposing a local personal income tax shall become operative  
17    for taxable years beginning on or after January 1 of the first  
18    calendar year following approval by the voters of the county or  
19    city and county, provided written notice of that approval is  
20    provided by the county or city and county elections official no later  
21    than September 30 of the preceding calendar year.

22    (b) For each taxable year for which a local personal income  
23    tax is operative under subdivision (a), in addition to any other  
24    taxes imposed by this part, an additional tax on the taxable income  
25    of a county or city and county resident shall be imposed at the rate  
26    approved by the voters of that county or city and county.

27    (c) For purposes of applying Part 10.2 (commencing with  
28    Section 18401) of Division 2, the tax imposed under this section  
29    shall be treated as if it were imposed under Section 17041.

30    (d) No credit authorized under this part shall be applied to  
31    reduce taxes imposed under this section.

32    (e) Amounts paid for the local personal income tax authorized  
33    under this section shall not be allowed as a deduction under this  
34    part.

35    (f) (1) Prior to the operative date of any ordinance imposing  
36    a local personal income tax, the county or city and county shall  
37    contract with the Franchise Tax Board to perform all functions  
38    incident to the administration of the local personal income tax.

39    (2) The contract shall contain a provision that the county or  
40    city and county shall reimburse the Franchise Tax Board for all

1 *refunds, losses, and costs incurred in the administration and*  
2 *operation of the local personal income tax.*

3 *(g) Any information, information sources, or enforcement*  
4 *remedies and capabilities available to the county or city and county*  
5 *shall be made available to the Franchise Tax Board to be used in*  
6 *conjunction with, or independent of, the information, information*  
7 *sources, or remedies and capabilities available to the Franchise*  
8 *Tax Board for purposes of administering this section.*

9 *(h) The Franchise Tax Board may adopt regulations necessary*  
10 *to administer this section.*

11 *(i) (1) Amounts collected pursuant to this section shall be*  
12 *transmitted to the Treasurer and deposited in the State Treasury*  
13 *to the credit of the Local Personal Income Tax Account in the*  
14 *General Fund, which is hereby created.*

15 *(2) Notwithstanding Section 13340 of the Government Code,*  
16 *the moneys in the Local Personal Income Tax Account are hereby*  
17 *continuously appropriated, without regard to fiscal year, to the*  
18 *Controller for allocation to each county and city and county in*  
19 *which the local personal income tax is imposed.*